

Washington Horse Racing Commission  
Meeting Minutes  
August 13, 2010

The meeting was convened at 9:30 A.M. at the Auburn City Council Chambers, in Auburn, Washington. Present were: Paul George, Chairman; Dr. Bud Hallowell, DVM, Commissioner; Hartly Kruger, Commissioner; Kate Reynolds, Assistant Attorney General; Robert J. Lopez, Executive Secretary; Patty Sorby, Confidential Secretary. Commissioner Jeff Colliton was excused.

Item #1. Approval of the meeting minutes of June 11, 2010.

Commissioner Kruger moved to approve the minutes as submitted. Commissioner Hallowell seconded the motion. Unanimously approved.

Item #2. Approval of the special meeting minutes of June 23, 2010.

Commissioner Kruger moved to approve the minutes as submitted. Commissioner Hallowell seconded the motion. Unanimously approved.

Item #3. Commissioners' report.

Chairman George said he and Mr. Lopez met with the Blue Mountain Racing Circuit representatives on July 27<sup>th</sup> and Mr. Lopez informed them the Washington Horse Racing Commission (WHRC) could not support nineteen days of racing in 2011. A discussion was held regarding less racing days and the representatives would inform Mr. Lopez of any decisions made.

Chairman George made the motion to approve attendance by him at the Hall of Fame induction ceremony; for Commissioner Kruger to attend the Longacres Mile weekend race days; and Commissioner Colliton to attend races at the Walla Walla Fall race meet. Commissioner Hallowell seconded the motion. Unanimously approved.

Item #4 Industry reports:

a. Emerald Downs. Mr. Ron Crockett, President, Northwest Racing Associates LP gave the report on behalf of Emerald Downs. Mr. Crockett provided handouts comparing 2010 to 2009 statistics. Mr. Crockett said overall Emerald Downs is down 9.1% as compared to 2009. Mr. Crockett said although the revenues are down, the purse fund is generating as expected by his projections.

- i. Emerald Downs has requested to add a day to the 2010 live racing schedule, September 22<sup>nd</sup> for an afternoon feature to be conducted testing whether this might be feasible to offer in the future.

- ii. Emerald Downs will also be hosting in conjunction with the Blue Mountain Racing Circuit that conducts the Class C race meets, a quarter horse race the Muckleshoot Tribal Dash on September 25<sup>th</sup> with a purse of approximately \$12,000.

Chairman George moved to approve the additional race day of September 22<sup>nd</sup> and the Muckleshoot Tribal Dash quarter horse race on September 25, 2010. Commissioner Kruger seconded the motion. Unanimously approved.

b. WHBPA. Mr. Ron Maus, President, WA Horsemen's Benevolent & Protective Association (HBPA) said he had attended the National HBPA meeting and discussions were held on: wagering on I-phones; Bute thresholds; the National Racing Compact; and marketing ideas. MaryAnn O'Connell, Executive Director, HBPA said the annual HBPA picnic would be on Tuesday, noon to four.

c. WTBOA. Mr. Dana Halvorson gave a brief discussion regarding a new owner seminar they are presenting and the annual fall sale will be September 7<sup>th</sup>.

Item #5. Radiology & MRI Findings – WHRC – WSU Veterinary Imaging Service Project 2006-2008 – Dr. Russell Tucker.

Dr. Russell Tucker of the Washington State University (WSU) College of Veterinary Medicine presented a power point presentation on the findings and conclusions from the necropsy program the WHRC and WSU have collaborated on since 2006. (Presentation made a part of the record.)

Item #6. Ownership Change – Drift on Inn – Satellite location.

Mr. Lopez presented the request from Emerald Downs regarding the Drift on Inn satellite location ownership change and stated the property owner Mark Mitchell who had been previously approved by the WHRC to operate the satellite, was taking back the operation. Mr. Mitchell had completed the application process a background check was performed and nothing was found that would preclude Mr. Mitchell from operating the establishment as an Emerald Downs satellite location. Staff recommended approval.

Commissioner Kruger moved to approve the ownership change at the Emerald Downs satellite site Drift on Inn in Shoreline, Washington. Commissioner Hallowell seconded the motion. Unanimously approved.

Item #7. Annual Review of License Fees ( WAC 260-36-085).

Mr. Lopez stated the license fees would not change for 2011 and proposed agency request legislation of up to four percent increase in both 2012 and 2013 as required by I-960 which mandates Legislative approval required for fee changes, was being prepared and is awaiting some stakeholder response, but would be submitted soon.

Item #8. Annual review of the distribution of source Market fees ( WAC 260-49-070(3)).

Mr. Lopez said there isn't any change requested to the present distribution of the source market fees.

BREAK – LUNCH 12:05 P. M. RECONVENED 1:15 P. M.

Item #9. Hearings before the Commission:

a. Dennis W. Madson WHRC 2010-003.

Chairman George opened the hearing at 1:17 P.M. Present: Dennis W. Madson, petitioner; Gordon Karg, Assistant Attorney General representing staff. Mr. Karg stated that previously Mr. Madson had appeared before the Commission on June 11, 2010 and requested a continuance. Mr. Madson was granted a continuance and subsequent to the rescheduled hearing date of August 13<sup>th</sup>, Mr. Madson withdrew his request for hearing and accepts the penalty imposed by the board of stewards for a one year suspension.

Commissioner Kruger moved to uphold the decision of the board of stewards by commencing the one year suspension beginning no sooner than the date on Mr. Madson's withdrawal notice. Commissioner Hallowell seconded the motion. Unanimously approved. Hearing closed at 1:22 P.M.

Item #10. Motion hearing – Request for a Hearing before the Commission.

a. Dayson LaVanway WHRC 2010-013.

Chairman George opened the hearing at 1:24 P.M. Present: Dayson LaVanway, petitioner; Gordon Karg, Assistant Attorney General representing staff. Mr. LaVanway was sworn and gave testimony. Mr. Karg presented the motion to dismiss on the grounds of late filing of his request beyond the seven day period allowed for filing purposes. After receiving testimony, Chairman George granted Mr. Karg's motion. Mr. LaVanway's request for a hearing was dismissed. Chairman George said an Order would be prepared, signed and mailed to Mr. LaVanway. Hearing closed at 1:34 P.M.

Item #11. Executive Session – Matter involving potential litigation.

Chairman George announced the Commission would adjourn to executive session lasting approximately ten minutes and reconvene after that time. Break at 1:35 P.M. Reconvened at 1:45 P.M.

Item #12. Rules of Racing – Adoption Hearings:

a. WAC 260-36-015 Age requirement for license.

Mr. Doug Moore, Deputy Secretary presented the amendments and said if adopted the amendment would change the minimum age for an exercise rider from fourteen to sixteen. MaryAnn O'Connell, HBPA presented opposition to this amendment. Commissioner Kruger

moved to adopt this amendment, after hearing opposition withdrew his motion. This amendment was tabled to come before the Commission at a future meeting.

b. WAC 260-36-100 Fingerprints.

Mr. Moore said the requirement for all applicants to submit fingerprints began in 2004 requiring a three year cycle. Since that time, submissions processed show minimal return of new criminal history. First time applicants will still be submitted, but staff feels that by giving the WHRC the ability to amend the three year cycle at their discretion, resources would be better used. No public comment was received and staff recommended approval. The WA HBPA supports this change.

Commissioner Kruger moved to adopt the amendments to WAC 260-36-100 regarding fingerprint processing will still be required for initial licensing, after that at the discretion of the WHRC. Commissioner Hollowell seconded the motion. Unanimously approved.

c. WAC 260-52-040 Post to Finish.

Mr. Moore said this amendment would replace WHRC policy statement 2010-01 which allows the stewards to implement the model rule on dealing with horses involved in multiple disqualifications by clarifying when a horse is disqualified, it may not be placed back in front of a horse that it initially interfered with due to a second incident; this would repeal the WHRC policy statement 2010-01. Mr. Moore received one comment in support of this amendment by WA HBPA. Staff recommends approval.

Chairman George moved to adopt the amendments to WAC 260-52-040 regarding disqualifications and repeal WHRC Policy Statement 2010-01. Commissioner Hollowell seconded the motion. Unanimously approved.

Item #13. WHRC 2011-2013 Budget Submission and Agency-Request Legislation.

Mr. Lopez said a draft of the 2011-2013 budget had been given to the Commissioners for comment. Commissioner Hollowell made suggestions to clarify some wording within strategies section and those were incorporated. Mr. Lopez said he was also withdrawing legislation regarding Labor & Industries. There are some proposed changes with regard to privatizing the workman's compensation insurance through initiatives placed on the fall ballot.

Commissioner Kruger moved to approve the 2011-2013 budget submission with changes as addressed in discussions. Commissioner Hollowell seconded the motion. Unanimously approved.

Item #14. Executive Secretary's report:

a. Wagering recaps.

Mr. Lopez said it was discovered the wagering reports since October 2009 have not reflected the correct information and included in the Commissioners' packets were the corrected reports. Mr. Lopez requested authority to replace the reports in the WHRC official record going back to October 2009 through June 2010.

Commissioner Hallowell moved to replace the wagering report information in the official record from October 2009 through June 2010. Commissioner Kruger seconded the motion. Unanimously approved.

b. Monthly Financial Statements.

Mr. Lopez said since there wasn't a meeting in June 2010, the monthly financial statements were mailed to the Commissioners. Mr. Lopez said to keep the WHRC official record complete he included June 2010 reports in the packet along with the July 2010 financial statements. Mr. Lopez said the fund balance is down to \$425,560.

c. WSP Agency-Request Legislation – Fingerprint Checks.

Mr. Lopez said the Washington State Patrol (WSP) has submitted agency request legislation regarding the processing of fingerprints. Mr. Lopez said this would benefit the WHRC by processing fingerprints more timely; the WSP is accessible seven days per week, 24 hours per day. This would change current processing of fingerprints through ARCI. Mr. Lopez said that at times, our print submissions are setting in "que" for days. In addition, the WSP is instituting a program called rap-back that will notify an agency who has submitted fingerprints on an individual, to be notified if that individual has criminal activity since submission of the person's fingerprints. The WSP will also compare prints to "cold" case files.

Commissioner Kruger moved to support the WSP fingerprint legislation and the WHRC utilize the WSP system to submit fingerprints. Commissioner Hallowell seconded the motion. Unanimously approved.

d. Class C Jockey Insurance and Jockey Incentive – Update.

Mr. Lopez said the Commission requested at the February 11, 2010 meeting to partially fund the jockey incentive fund and require the Class C racing associations to try to raise money to fund the \$35,000 that the WHRC has paid the Class C jockeys that ride in each race at their meets. The four associations collected \$10,000 toward the Jockey Incentive Fund. It was discovered that if the WHRC accepted the \$10,000 there is no authority to distribute those funds. Mr. Lopez proposed that the associations keep the money collected and put it toward the Jockey Insurance premium and the WHRC would pay \$57,000 to supplant the insurance premium payment. Mr. Lopez asked for the Commission to approve the funding change of \$57,000 for Jockey Insurance premium and \$35,000 for the Jockey Incentive Fund.

Chairman George moved to reallocate the funds previously granted by the WHRC by amending the amount to \$57,000 go toward the Jockey Insurance premium and \$35,000 to fully fund the Jockey Incentive Fund. Commissioner Hallowell seconded the motion. Unanimously approved.

Item #15. Any other business as may be properly brought before the Commission.

Mr. Lopez said when the budget is finalized it was his intention to notify the Class C race meet associations of whether the Commission will be able to fund the expenses required for regulation at the Class C race meets by the November Commission meeting.

Meeting adjourned at 2:50 P.M.

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Robert J. Lopez, Executive Secretary